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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY


In Re: Cinram Group, Inc.

Case Number: 17-15258 (VFP)

**MONTHLY OPERATING REPORT**  
For the Period September 1, 2018 through September 30, 2018

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Statement
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a		X
Schedule of Professional Fees Paid	MOR-1b	X	
Copies of bank statements			X
Cash disbursements journals	MOR-1c	X	
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Postpetition Taxes	MOR-4	X	
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Postpetition Debts	MOR-4	X	
Accounts Receivable Reconciliation and Aging	MOR-5	X	
Debtor Questionnaire	MOR-5	X	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.


10/4/18  
 \_\_\_\_\_  
 Signature of Authorized Individual Date

Joseph Catalano  
Printed Name of Authorized Individual

Secretary  
Title of Authorized Individual

**Notes:**

The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. All information contained herein is unaudited and is subject to future adjustment. Certain assumptions have been made as noted herein. The unaudited consolidated financial statements presented herein have been derived from the Debtors' books and records. Certain financial information, however, has not been subject to procedures that would typically be applied to financial information presented in accordance with US GAAP, and upon the application of such procedures, the Debtors believe that the financial information could be subject to further changes, and these changes could be material. Nothing contained in this Monthly Operating Report shall constitute a waiver of any of the Debtors' rights or an admission with respect to their Chapter 11 Proceedings, including, but not limited to, matters involving objections to claims, substantive consolidation, equitable subordination, defenses, characterization or re-characterization of contracts, assumption or rejection of contracts under the provisions of chapter 3 of Title 11 of the United States Code (the "Bankruptcy Code") and/or causes of action under the provisions of chapter 5 of the Bankruptcy Code or any other relevant applicable laws to recover assets or avoid transfers.

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**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

	9/1/18 9/30/18	Cumulative Filing to Date
<b><u>Receipts</u></b>		
Cash Sales	-	-
Asset Sales	-	-
Rental Income	-	7,258
Intercompany transfer	-	(432,500)
Other	-	11,250
<b>Total Receipts</b>	-	<b>(413,992)</b>
<b><u>Disbursements</u></b>		
Rent	-	(910)
Utility Escrow	-	4,625
Repairs and Maintenance	-	-
Capital Expenses	-	-
Payroll (1099)	56,250	911,250
Taxes	-	1,172
Insurance	25,338	187,051
Worker's Comp	-	(33,324)
Miscellaneous	100	94,009
<b>Total Operating Disbursements</b>	<b>81,688</b>	<b>1,163,873</b>
Loan Paydown	-	-
Cash Interest	-	-
Loan Fees	-	-
Deposits	-	-
Bank Fees	-	768
Professional Fees	-	1,048,712
Board Fees	4,000	72,000
GUC Escrow	-	-
UST Fees	-	18,852
<b>Total Non-Operating Disbursements</b>	<b>4,000</b>	<b>1,140,332</b>
<b>Total Disbursements</b>	<b>85,688</b>	<b>2,304,205</b>
<b>Net Cash Flow</b>	<b>(85,688)</b>	<b>(2,718,197)</b>

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**MOR-1a**

**Debtor's Statement with respect to Bank Account Reconciliations and Bank Statements  
For the Period September 1, 2018 through September 30, 2018**

Bank Account Reconciliations

The Debtor affirms that bank reconciliations have been prepared for all open and active bank accounts to the Debtor's books as of September 30, 2018 without exception, and are available upon request.

Bank Statements

Bank statements for all open and active bank accounts are retained by the Debtor and are available upon request. The Debtor's bank accounts and balances are as follows:

Bank	Account Number	9/30/18
Chase Bank - Operating account	xxxxxxxx0622	1,262,665.27
		-

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Total Cash	1,262,665.27
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**MOR-1a**

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**Professional Fees Paid**

September 1, 2018 - September 30, 2018

Professional	<u>Amounts Paid This Period</u>			<u>Cumulative Paid Since Petition Date</u>		
	Fees	Expenses	Total	Fees	Expenses	Total
Cole Shotz P.C.	-	-	-	365,037	5,934	370,972
Eisner Ampner LLP	-	-	-	82,753	215	82,968
Lowenstein Sandler LLP	-	-	-	482,373	14,305	496,679
JM Zell Partners Ltd.	-	-	-	63,695	-	63,695
Appraisal Group International	-	-	-	3,000	-	3,000
Greenman-Pedersen, Inc.	-	-	-	20,460	8,840	29,300
RSM US LLP	-	-	-	2,100	-	2,100
LBVD, Inc.	-	-	-	32,402	2,419	34,821
<b>Total Professional Fees and Expenses</b>	-	-	-	<b>1,051,820</b>	<b>31,713</b>	<b>1,083,533</b>

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**CASH DISBURSEMENTS JOURNALS**  
**For the Period September 1, 2018 through September 30, 2018**

Payor	Date	Payee	Amount Paid	Category	Payment type	Check no.
Cinram Group, Inc.	9/1/18	Karen Kessler	4000.00	Board Fees	Check	1401
Cinram Group, Inc.	9/4/18	Bank Direct - Liability & Prop	8075.68	Insurance Expense	Wire	W20180904
Cinram Group, Inc.	9/7/18	Glenn Langberg w/e 9/14	10000.00	Management Costs	Check	1402
Cinram Group, Inc.	9/7/18	Joseph Catalano w/e 9/14	1250.00	Management Costs	Check	1403
Cinram Group, Inc.	9/14/18	Glenn Langberg w/e 9/21	10000.00	Management Costs	Check	1404
Cinram Group, Inc.	9/14/18	Joseph Catalano w/e 9/21	1250.00	Management Costs	Check	1405
Cinram Group, Inc.	9/14/18	Commonwealth of Pennsylvania	10380.00	Insurance Expense	Check	1406
Cinram Group, Inc.	9/14/18	Commonwealth of Pennsylvania	2198.00	Insurance Expense	Check	1407
Cinram Group, Inc.	9/14/18	Commonwealth of Pennsylvania	405.00	Insurance Expense	Check	1408
Cinram Group, Inc.	9/14/18	Commonwealth of Pennsylvania	27.00	Insurance Expense	Check	1409
Cinram Group, Inc.	9/14/18	Glenn Langberg w/e 9/28	10000.00	Management Costs	Check	1410
Cinram Group, Inc.	9/14/18	Joseph Catalano w/e 9/28	1250.00	Management Costs	Check	1411
Cinram Group, Inc.	9/17/18	USPS	100.00	Other Expense & Fees	Check	1412
Cinram Group, Inc.	9/18/18	Bank Direct - D&O	4252.18	Insurance Expense	Wire	w20180918
Cinram Group, Inc.	9/28/18	Glenn Langberg w/e 10/5	10000.00	Management Costs	Check	1414
Cinram Group, Inc.	9/28/18	Joseph Catalano w/e 10/5	1250.00	Management Costs	Check	1415

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**Cinram Group, Inc. Statement of Operations**  
**September 1, 2018 - September 30, 2018**

	<b>9/1/18 9/30/18</b>	<b>Cumulative Filing to Date</b>
Net Sales	-	16,743
COGS	-	-
<b>Gross Margin</b>	-	<b>16,743</b>
Payroll (1099)	45,000	911,250
Payroll Taxes and Benefits	-	-
Facility Maintenance	-	-
Rent	-	(910)
Insurance	25,338	220,374
Supplies	-	-
Repairs and Maintenance	-	-
Utility Escrow	-	4,625
Trash Removal	-	-
Marketing	-	-
Security	-	-
Admin	-	-
Travel & Entertainment	-	-
Employee Procurement	-	-
Purchased Services	-	-
Professional Fees	-	1,048,712
Board Fees	4,000	72,000
US Trustee Fees	-	18,852
Cash/Banking Fees	-	768
Overhead Allocation	-	-
Other Expenses	100	95,219
Taxes	-	1,172
Interest Expense	-	-
Depreciation & Amortization	-	-
Reorganization Items	-	-
<b>Total Operating Expenses</b>	<b>74,438</b>	<b>2,372,062</b>
<b>Net Income (Loss)</b>	<b>(74,438)</b>	<b>(2,355,319)</b>

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**Cinram Group, Inc. Balance Sheet**  
**as of Month End**  
in (000's)

	<u><b>September 30, 2018</b></u>
<b>ASSETS</b>	
Cash & Equivalents	\$ 1,263
Merchandise Inventory	-
Inventory Reserve	-
Prepaid Merchandise	-
Accounts Receivable	-
Other Current Assets	35
<b>Current Assets</b>	<u><b>1,298</b></u>
Fixed Assets	-
Accumulated Depreciation	-
Asset Impairment	-
<b>Property &amp; Equipment, Net</b>	<u>-</u>
Goodwill	-
Intangible Assets	-
Other Assets	3,744
<b>Total Assets</b>	<u><u><b>\$ 5,042</b></u></u>
<b>LIABILITIES</b>	
DIP Financing	-
Expense Payables	-
Other Payables	-
Accrued Expenses	-
Transaction Fee Payable	-
<b>Current Liabilities</b>	<u>-</u>
Liabilities Subject to Compromise- Secured	-
Liabilities Subject to Compromise- Unsecured	1,774
<b>Long-Term Liabilities</b>	<u><b>1,774</b></u>
<b>Total Liabilities</b>	<u><b>1,774</b></u>
<b>EQUITY</b>	
Stock	-
Retained Earnings	3,268
<b>Total Equity</b>	<u><b>3,268</b></u>
<b>Total Liabilities &amp; Equity</b>	<u><u><b>\$ 5,042</b></u></u>

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**STATUS OF POSTPETITION TAXES**

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.  
 Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.  
 Attach photocopies of any tax returns filed during the reporting period.

**As of September 30, 2018**

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
<b>Federal</b>						
Withholding						
FICA-Employee						
FICA-Employer						
Unemployment						
Income						
Other:						
Total Federal Taxes						
<b>State and Local</b>						
Withholding						
Sales						
Excise						
Unemployment						
Real Property						
Personal Property						
Other:						
Total State and Local						
<b>Total Taxes</b>	0	0	0	0	0	0

**SUMMARY OF UNPAID POSTPETITION DEBTS**

Attach aged listing of accounts payable.

**As of September 30, 2018**

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 90	
Accounts Payable						
Wages Payable						
Taxes Payable						
Rent/Leases-Building						
Rent/Leases-Equipment						
Secured Debt/Adequate Protection Payments						
Professional Fees						
Amounts Due to Insiders*						
Other:						
Other:						
<b>Total Postpetition Debts</b>	0	0	0	0	0	0

Explain how and when the Debtor intends to pay any past-due postpetition debts.

\*"Insider" is defined in 11 U.S.C. Section 101(31).



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**ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

**September 30, 2018**

<b>Accounts Receivable Reconciliation</b>		<b>Amount</b>	
Total Accounts Receivable at the beginning of the reporting period		-	-
+ Amounts billed during the period		-	-
- Amounts collected during the period		-	-
Total Accounts Receivable at the end of the reporting period		-	-
<b>Accounts Receivable Aging</b>		<b>Amount</b>	
0 - 30 days old		-	-
31 - 60 days old		-	-
61 - 90 days old		-	-
91+ days old		-	-
Total Accounts Receivable		-	-
Amount considered uncollectible (Bad Debt)		-	-
Accounts Receivable (Net)		-	-

**DEBTOR QUESTIONNAIRE**

<b>Must be completed each month</b>	<b>Yes</b>	<b>No</b>
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	N/A	N/A
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X

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